

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY, CALIFORNIA
AND RECORD OF ACTION**

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May 20, 2003

FROM: **DAVID H. SLAUGHTER**, Director
Real Estate Services Department

**SUBJECT: DECLARE COUNTY-OWNED PROPERTY SURPLUS AND AUTHORIZE ITS
SALE BY PUBLIC AUCTION—SAN BERNARDINO**

RECOMMENDATIONS:

1. Adopt Resolution No. _____ declaring the property located on Central Avenue, west of Tippecanoe Avenue (APNs 0136-351-01 and 10), a vacant 44 acre parcel in the City of San Bernardino, is no longer necessary and is surplus to the needs of the County.
2. Authorize Real Estate Services Department (RES D) to conduct a public auction as required by Section 25526 and 25363 of the Government Code in accordance with the terms and conditions described in the resolution. (Four votes required)

BACKGROUND INFORMATION: The County purchased 78 acres of land and buildings from the Aerospace Corporation in 1973. The buildings housed the County's Environmental Public Works Agency until 1982 when the structures and 34 of the 78 acres were sold to the federal government. The remaining 44 acres of vacant land (APNs 0136-351-01 and 10) located on Central Avenue, west of Tippecanoe Avenue (44 Acres), are still owned by the County.

The Inland Valley Development Agency (IVDA), a joint powers authority, whose members include the County of San Bernardino and the cities of Colton, Loma Linda, and San Bernardino, was established to oversee the development of the former Norton Air Force Base, now called the San Bernardino International Airport and Trade Center. IVDA wrote to the County Administrative Office on September 24, 2001 and requested the County consider declaring the 44 Acres as surplus and making a direct sale of that land to IVDA. IVDA believes that larger parcels, such as the 44 Acres, are critical to its ability to attract businesses that need buildings of 500,000 to 1,000,000 square feet. There are few parcels remaining on the former base that can accommodate structures of this size. IVDA reiterated its desire to acquire the 44 Acres in a second letter dated February 20, 2002.

On September 10, 2002, RESD requested direction from the Board regarding the disposition of this property. Although County Counsel advised that the County could sell the 44 Acres directly to IVDA, the Board directed staff to return with a bid package to include "development standard conditions, conditions of purchase, timeline to complete bid process, (and) an appraised value based on a recent appraisal or...an updated appraisal (by)... an outside appraiser." As a result of the latest inquiry by IVDA, a RESD staff appraiser completed an appraisal of the 44 Acres on May 14, 2002, showing a value of \$2,030,000 (\$1.05 per square foot). A review appraisal was completed on October 29, 2002 by an independent outside appraiser, which indicates a range of

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values for like properties of \$0.75 to \$1.25 per square foot and supports the \$1.05 per square foot established in the appraisal performed by the RESD staff appraiser. The appraisal prepared by RESD staff and the review appraisal prepared by an independent outside appraiser are on file with RESD.

As indicated above, the Board directed staff to establish conditions with respect to the use and timeliness of development of the 44 Acres that would be imposed on a purchaser of the property. Such conditions would be included in the deed conveying title to the property, and the deed would also contain the appropriate legal language to ensure that the conditions provide for the right of the County to re-enter the property and recover title. However, staff is of the opinion that such conditions, if imposed, will negatively impact the County's ability to sell the 44 Acres at the appraised value, which was established based on normal conditions of sale without including any such limitations on a prospective buyer.

The following conditions will be included in the Resolution unless the Board directs otherwise:

1. Grantee of the property shall commence and substantially complete development of the entire property within five years from the date of sale.
2. Grantee shall develop said property consistent with and in conformance with the plan of development adopted by the Inland Valley Development Authority for the entire property. If such a plan of development does not exist at the time Grantee applies for a development approval, then the Grantee shall obtain approval from the Inland Valley Development Authority and the City of San Bernardino for Grantee's development plan for the entire property.

Finally, if the Board adopts the recommendations as presented and the property is declared surplus to the County's needs, notice will be sent to the appropriate public agencies for possible acquisition. (Although the County may make a direct sale to IVDA, IVDA is not one of the appropriate public agencies listed to receive the notice of intent to sell surplus property.) A sixty-day period for responses from these public agencies is required; however, during this same period, the property will be advertised indicating a date immediately thereafter when the property will be sold at auction by RESD, subject to Board approval of the terms and conditions of such sale. The process will require approximately 90 days, beginning the date the Board approves this item, until the close of escrow and conveyance of title; except that if one of the appropriate public agencies wishes to acquire the property, an additional 60 days are required to negotiate the purchase, which would extend the process time to approximately 150 days.

REVIEW BY OTHERS: This item has been reviewed by County Counsel (Charles S. Scolastico, Deputy County Counsel) on May 13, 2003 and the County Administrative Office (Daniel R. Kopp, Administrative Analyst) on May 15, 2003.

FINANCIAL IMPACT: The sale of this surplus property would provide revenue to the general fund. The minimum bid will be \$2,030,000.

COST REDUCTION REVIEW: The County Administrative Office has reviewed this agenda item, concurs with RESD's proposal, and recommends this action because the property is no longer needed for County use and the sale will generate revenue to the general fund.

SUPERVISORIAL DISTRICT: Fifth

PRESENTER: David H. Slaughter, Director, 7-7813